

STAND. COM. REP. NO.

102

Honolulu, Hawaii

FEB 08 2019

RE: S.B. No. 666
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 666 entitled:

"A BILL FOR AN ACT RELATING TO AN AIRPORTS CORPORATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish the Hawaii Airports Corporation to assume the authority, powers, functions, duties, and responsibilities for managing and operating all of the State's airports and aeronautical facilities.

Your Committee received testimony in support of this measure from the Office of the Governor, Department of Public Safety, Department of Land and Natural Resources, Department of Transportation, Department of Human Resources Development, Hawaii Tourism Authority, University of Hawai'i System, American Council of Engineering Companies of Hawaii, Hawaii Lodging and Tourism Association, Chamber of Commerce Hawaii, Enterprise Holdings, Bank of Hawaii, Airport Concessionaries Committee, Hawaiian Airlines, Maui Hotel and Lodging Association, Electrical Contractors Association of Hawaii, Airlines Committee of Hawaii, Hawaii Business Roundtable Incorporated, Kona-Kohala Chamber of Commerce, Activities and Attractions Association of Hawaii, Maui Chamber of Commerce, Kohala Coast Resort Association, and one member of the Hawaii County Council. Your Committee received testimony in opposition to this measure from the Painting Industry of Hawaii Labor Management Cooperation Trust Fund. Your Committee received



comments on this measure from the Department of the Attorney General, State Procurement Office, Subcontractors Association of Hawaii, UNITE HERE Local 5 Hawaii, United Public Workers, and Sheet Metal and Air Conditioning Contractors' National Association Hawaii Chapter.

Your Committee finds that the responsibility for the development, management, and operation of the State's airports system is distributed among several state departments, resulting in delayed decision-making and inefficiency, which restricts the airport systems from keeping up with the standards of other leading global airports. Your Committee also finds that the involvement of multiple agencies has further resulted in a progressive deterioration of the quality of important airport facilities. The quality and appearance of the State's airports serve as the first impression of Hawaii for visitors and the airports need to be better managed to reflect the true beauty of Hawaii.

Your Committee additionally finds that an independent airports corporation would allow for quicker decision-making and a streamlined process for budgeting and procurement, which would improve efficiency and implement best practices in all aspects of operation of state airports. Your Committee believes that an independent airports corporation would maximize contributions from state airports to the state economy, promote an enhanced experience for visitors, and improve global access and inter-island mobility.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that there shall be no more than two members who are non-residents of the State on the board of directors at any time;
- (2) Upon recommendation of the Department of the Attorney General, clarifying that the Board of Directors of the Hawaii Airports Corporation shall appoint a Chief Executive Officer;
- (3) Upon recommendation of the State Procurement Office:

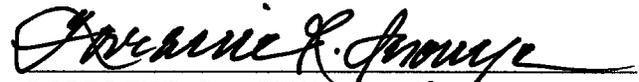


- (A) Further clarifying the exemption of the Hawaii Airports Corporation from chapter 103D, Hawaii Revised Statutes; and
- (B) Requiring, prior to exemption from chapter 103D, Hawaii Revised Statutes, the Hawaii Airports Corporation to, in consultation with the State Procurement Office, adopt procurement rules pursuant to chapter 91, Hawaii Revised Statutes, and further clarifying the minimum requirements for the procurement rules;
- (4) Exempting the Hawaii Airports Corporation and its designated funds from chapter 37D, Hawaii Revised Statutes;
- (5) Deleting language that would have required the Hawaii Airports Corporation to submit a copy of its annual Single Audit Report to the Auditor and instead requiring the Auditor to conduct management and financial audits of the Hawaii Airports Corporation for fiscal year 2023 and every second year thereafter;
- (6) Inserting the definitions of "chief executive officer" and "corporation" into chapters 261 and 262, Hawaii Revised Statutes; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 666, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 666, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Transportation,


LORRAINE R. INOUE, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Transportation
TRS

Bill / Resolution No.:* SB666	Committee Referral: TRS, WAM	Date: 1/30/19		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUYE, Lorraine R. (C)	✓			
HARIMOTO, Breene (VC)	✓			
ENGLISH, J. Kalani				✓
SHIMABUKURO, Maile S.L.	✓			
FEVELLA, Kurt	✓			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes